

## Financial Statement Findings 2009/2010

### Findings

|   |     |                                   |     |
|---|-----|-----------------------------------|-----|
| Account Recon                           | 9   | Loan Default                      | 1   |
| Accounting Estimates                    | 1   | Operating Deficit                 | 4   |
| Accounting Policies                     | 2   | PA 621                            | 22  |
| Accounting Records                      | 1   | Payables Reporting                | 5   |
| Activity Fund Procedures                | 4   | Payroll                           | 7   |
| At Risk Funds                           | 1   | Periodic Review                   | 5   |
| Athletic Receipts                       | 3   | Policies & Procedures             | 1   |
| Audit Adjustments                       | 21  | Pre-Paid Expenditures             | 1   |
| Balance Sheet Reconciliation            | 1   | Property Tax                      | 3   |
| Bank Recs                               | 26  | Pupil Count Reporting             | 1   |
| Bidding                                 | 1   | Purchase Order System             | 1   |
| Board Oversight                         | 3   | Requesting Federal Funds          | 1   |
| Bond Policy                             | 7   | Revenue Recognition               | 14  |
| Capital Asset Reporting                 | 11  | Segregation of Duties             | 101 |
| Cash Disbursements                      | 2   | Transparency Reporting Compliance | 7   |
| Cash Receipts                           | 7   | Trial Balance                     | 2   |
| Collusion/Fraud                         | 8   | UBBA                              | 28  |
| Compensated Absences                    | 3   | Year End Closing Procedures       | 4   |
| Construction Funds                      | 1   |                                   |     |
| Credit Card Policy                      | 2   |                                   |     |
| Debt Refunding Transaction              | 1   |                                   |     |
| Deferred Revenue                        | 1   |                                   |     |
| Deficit Elimination Plan                | 1   |                                   |     |
| Deficit Fund Balance                    | 9   |                                   |     |
| Documentation                           | 8   |                                   |     |
| EIN Reporting                           | 2   |                                   |     |
| Escheats                                | 2   |                                   |     |
| Exclusion of Fund Bal Sheets in Reports | 1   |                                   |     |
| Expense Recognition                     | 12  |                                   |     |
| Financial Reporting                     | 15  |                                   |     |
| Financial Statement Prep                | 131 |                                   |     |
| Fixed Assets                            | 3   |                                   |     |
| Food Service Receivable Recon           | 1   |                                   |     |
| GASB 53 Interest Rate Swaps             | 1   |                                   |     |
| General Ledger                          | 2   |                                   |     |
| Grants Reconciliations                  | 1   |                                   |     |
| Hot Lunch A/R                           | 1   |                                   |     |
| Indirect Cost Reporting                 | 1   |                                   |     |
| Information Tech                        | 1   |                                   |     |
| Interfund Balance Reporting             | 1   |                                   |     |
| Investment Policy                       | 1   |                                   |     |
| Invoice                                 | 1   |                                   |     |
| Journal Entries Review                  | 3   |                                   |     |
| Journal Entry                           | 6   |                                   |     |
| Late Submission of Audit                | 1   |                                   |     |
| Lease Agreements                        | 1   |                                   |     |
| Legal reserves                          | 1   |                                   |     |

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|                                   |     |   |   |
|-----------------------------------|-----|---|---|
| Financial Statement Prep          | 131 | Investment Policy                       | 1 |
| Segregation of Duties             | 101 | Interfund Balance Reporting             | 1 |
| UBBA                              | 28  | Information Tech                        | 1 |
| Bank Recs                         | 26  | Indirect Cost Reporting                 | 1 |
| PA 621                            | 22  | Hot Lunch A/R                           | 1 |
| Audit Adjustments                 | 21  | Grants Reconciliations                  | 1 |
| Revenue Recognition               | 14  | GASB 53 Interest Rate Swaps             | 1 |
| Financial Reporting               | 15  | Food Service Receivable Recon           | 1 |
| Expense Recognition               | 12  | Exclusion of Fund Bal Sheets in Reports | 1 |
| Capital Asset Reporting           | 11  | Deficit Elimination Plan                | 1 |
| Deficit Fund Balance              | 9   | Deferred Revenue                        | 1 |
| Account Recon                     | 9   | Debt Refunding Transaction              | 1 |
| Documentation                     | 8   | Construction Funds                      | 1 |
| Collusion/Fraud                   | 8   | Bidding                                 | 1 |
| Transparency Reporting Compliance | 7   | Balance Sheet Reconciliation            | 1 |
| Payroll                           | 7   | At Risk Funds                           | 1 |
| Cash Receipts                     | 7   | Accounting Records                      | 1 |
| Bond Policy                       | 7   | Accounting Estimates                    | 1 |
| Journal Entry                     | 6   |   |   |
| Payables Reporting                | 5   |   |   |
| Year End Closing Procedures       | 4   |   |   |
| Periodic Review                   | 5   |   |   |
| Operating Deficit                 | 4   |   |   |
| Activity Fund Procedures          | 4   |   |   |
| Property Tax                      | 3   |   |   |
| Journal Entries Review            | 3   |   |   |
| Fixed Assets                      | 3   |   |   |
| Compensated Absences              | 3   |   |   |
| Board Oversight                   | 3   |   |   |
| Athletic Receipts                 | 3   |   |   |
| General Ledger                    | 2   |   |   |
| Escheats                          | 2   |   |   |
| EIN Reporting                     | 2   |   |   |
| Credit Card Policy                | 2   |   |   |
| Cash Disbursements                | 2   |   |   |
| Accounting Policies               | 2   |   |   |
| Trial Balance                     | 2   |   |   |
| Requesting Federal Funds          | 1   |   |   |
| Purchase Order System             | 1   |   |   |
| Pupil Count Reporting             | 1   |   |   |
| Pre-Paid Expenditures             | 1   |   |   |
| Policies & Procedures             | 1   |   |   |
| Loan Default                      | 1   |   |   |
| Legal reserves                    | 1   |   |   |
| Lease Agreements                  | 1   |   |   |
| Late Submission of Audit          | 1   |   |   |
| Invoice                           | 1   |   |   |

|  | FINANCIAL STATEMENT FINDINGS |      |      |      |      |      |      |      |
|--|------------------------------|------|------|------|------|------|------|------|
| Findings                               | 2010                         | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Year End Closing Procedures            | 4                            |      |      |      |      |      |      |      |
| Trial Balance                          | 2                            |      |      |      |      |      |      |      |
| Transparency Reporting Compliance      | 7                            |      |      |      |      |      |      |      |
| Transaction Supporting Documentation   |                              | 2    |      |      |      |      |      |      |
| Time Certification                     |                              | 2    | 4    |      |      |      |      |      |
| Student Activity Accounts              | 7                            | 14   | 14   | 6    | 1    | 8    | 3    | 1    |
| Segregation of Duties                  | 101                          | 124  | 122  | 103  | 48   | 37   | 40   | 40   |
| School Document Access                 |                              | 1    |      |      |      |      |      |      |
| SAS 112                                | 131                          | 134  | 145  | 168  |      |      |      |      |
| Revenue / Expense Recognition          | 26                           | 15   | 16   |      |      |      |      |      |
| Receivables Reconciliation             |                              | 2    |      |      |      |      |      |      |
| Pupil Count Reconciliation             | 1                            | 2    | 3    | 2    |      |      | 1    | 2    |
| Property Tax Revenues                  | 3                            | 2    | 2    |      |      |      |      |      |
| Procurement Policies                   |                              | 4    | 3    | 10   | 6    | 3    |      |      |
| Prior Period Adjustments               |                              | 2    |      |      |      |      |      |      |
| Pre-Paid Expenditures                  | 1                            |      |      |      |      |      |      |      |
| Policies and Procedures                | 3                            | 1    | 1    | 1    |      |      |      |      |
| Periodic Review                        | 5                            |      |      |      |      |      |      |      |
| Payroll Controls/Procedures            | 7                            | 18   | 13   | 15   | 12   | 11   | 5    | 14   |
| PA 621/UBAA                            | 50                           | 38   | 33   | 37   | 22   | 19   | 10   | 7    |
| Loan Default                           | 1                            |      |      |      |      |      |      |      |
| Liability Recording                    | 5                            | 9    | 12   | 4    |      | 4    |      |      |
| Legal Reserves                         | 1                            |      |      |      |      |      |      |      |
| Late Audit Submission                  | 1                            |      |      |      |      |      |      |      |
| Journal Entry Review                   | 9                            | 16   | 13   |      | 1    |      |      |      |
| Invoice                                | 1                            |      |      |      |      |      |      |      |
| Investment policies                    | 1                            |      | 1    | 2    | 2    | 1    |      | 1    |
| Internal Service Funds                 |                              |      | 4    |      |      |      |      |      |
| Interfund Reporting                    | 1                            |      |      |      |      |      |      |      |
| Interfund borrowing/merging of funds   |                              |      | 1    | 3    |      | 1    |      | 5    |
| Interest Rate Swaps GASB 54            | 1                            |      |      |      |      |      |      |      |
| Information Technology Controls        | 1                            |      | 4    |      |      |      |      |      |
| Indirect Cost Reporting                | 1                            |      |      |      |      |      |      |      |
| Hot Lunch A/R                          | 2                            |      |      |      |      |      |      |      |
| General Ledger/ Account Reconciliation | 11                           | 17   | 21   | 22   | 13   | 16   |      |      |
| Fund Budget Procedures                 |                              | 1    | 4    |      |      |      |      |      |
| Fringe Benefit Allocation/Accruals     |                              |      | 9    | 3    |      |      |      | 2    |

|   |             | FINANCIAL STATEMENT FINDINGS |             |             |             |             |             |             |
|---|-------------|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Findings</b>                           | <b>2010</b> | <b>2009</b>                  | <b>2008</b> | <b>2007</b> | <b>2006</b> | <b>2005</b> | <b>2004</b> | <b>2003</b> |
| Fraud Reporting Procedures                | 7           |                              | 4           | 6           | 1           |             |             |             |
| Fixed Assets                              | 3           |                              |             |             |             |             |             |             |
| Financial Reporting                       | 15          |                              | 2           | 18          |             |             |             |             |
| Federal Cash management                   | 1           | 2                            | 3           | 4           |             | 5           |             |             |
| Exclusion of Fund Balance Sheets/ Reports | 1           |                              |             |             |             |             |             |             |
| EIN Usage                                 | 2           | 3                            | 1           | 3           |             |             |             |             |
| Durant Procedures                         |             | 1                            |             |             |             |             |             |             |
| Documentation Policies                    | 8           | 1                            |             |             |             |             |             |             |
| Disbursement/Expenditure Procedures       |             | 11                           | 11          | 17          | 1           |             | 1           | 6           |
| Deficit Fund Balance                      | 13          | 12                           | 12          | 4           | 5           | 9           | 6           | 3           |
| Deficit Elimination Plan                  | 1           |                              |             |             |             |             |             |             |
| Deferred Revenue                          | 1           |                              |             |             |             |             |             |             |
| Credit Card Policies                      | 2           |                              | 2           |             |             |             |             |             |
| Contract Procedures                       |             | 1                            |             |             |             |             |             |             |
| Construction in Process Reporting         | 1           |                              | 4           |             |             |             |             |             |
| Compensated Absence Policies              | 3           | 2                            | 4           |             |             |             |             |             |
| Collusion/Fraud                           | 8           |                              |             |             |             |             |             |             |
| Check Escheating                          | 2           | 1                            |             |             |             |             |             |             |
| Chart of Accounts                         |             | 2                            |             |             |             |             |             |             |
| Cash Reconciliation                       |             | 1                            |             |             |             |             |             |             |
| Cash - Internal Controls                  | 9           | 12                           | 21          | 19          | 8           | 9           | 9           | 3           |
| Capital Lease Procedures                  | 1           | 6                            | 3           | 36          | 1           |             |             |             |
| Capital Assets                            | 11          |                              |             |             |             |             |             |             |
| Budget Monitoring/Posting                 | 1           | 4                            | 3           |             |             |             |             |             |
| Bond Refund                               | 1           |                              |             |             |             |             |             |             |
| Bond Audit                                | 7           | 1                            |             |             |             |             |             |             |
| Board Reporting                           | 3           | 3                            | 1           | 2           | 1           |             |             |             |
| Bidding                                   | 1           | 3                            | 6           | 13          | 1           |             |             | 2           |
| Basis of Accounting                       |             | 1                            |             |             |             |             |             |             |
| Bank Reconciliations                      | 26          | 14                           | 19          | 22          | 9           | 18          | 16          | 14          |
| Balance Sheet Reconciliations             | 1           | 4                            |             |             |             |             |             |             |
| Authorized Check Signers                  |             | 1                            |             |             |             |             |             |             |
| Audit Submission                          |             | 1                            |             | 3           | 1           | 8           |             |             |
| Audit Adjustments                         | 21          | 43                           | 49          | 19          |             | 2           | 12          | 9           |
| At Risk Funds                             | 1           |                              |             |             |             |             |             |             |
| Asset Recording & Disposal                |             | 18                           | 23          | 30          | 2           | 2           | 1           | 17          |
| Accrual Calculations/Reporting            |             | 3                            |             |             |             |             |             |             |
| Accounting for Subsequent Events          |             | 1                            |             |             |             |             |             |             |

|                      |      |      | FINANCIAL STATEMENT FINDINGS |      |      |      |      |      |
|----------------------|------|------|------------------------------|------|------|------|------|------|
|                      |      |      |                              |      |      |      |      |      |
| Findings             | 2010 | 2009 | 2008                         | 2007 | 2006 | 2005 | 2004 | 2003 |
| Accounting Estimates | 1    |      |                              |      |      |      |      |      |
|                      | 536  | 556  |                              |      |      |      |      |      |

|  |             |             |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>MICHIGAN DEPARTMENT OF EDUCATION</b>                        |             |             |             |             |             |             |             |             |
| <b>SINGLE AUDIT PROGRAM FINDINGS</b>                           |             |             |             |             |             |             |             |             |
|  |             |             |             |             |             |             |             |             |
|  | <b>2010</b> | <b>2009</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> | <b>2005</b> | <b>2004</b> | <b>2003</b> |
| <b>21st Century Community Learning - 84.287</b>                |             |             |             |             |             |             |             |             |
| Allowable Costs  |             |             | 1           |             | 1           |             |             |             |
| Cash Management  | 1           | 1           | 1           | 1           | 1           |             |             |             |
| Disbursement Documentation                                     | 1           |             |             |             |             |             |             |             |
| Final Expenditure Reports                                      |             | 1           |             |             |             |             |             |             |
| Fringe Benefits  |             |             | 1           |             |             |             |             |             |
| Grant Reporting  |             |             | 1           |             |             |             |             |             |
| Non-Public School Participation                                |             | 1           | 1           | 2           |             |             |             |             |
| Payroll Documentation  |             |             | 1           |             |             |             |             |             |
| Schoolwide Plan  |             | 1           | 1           | 1           |             |             |             |             |
| Suspension & Debarment   |             |             | 1           |             |             |             |             |             |
| Time Certification   | 2           | 1           | 3           |             | 1           | 1           |             |             |
| Vouchers   |             |             | 1           |             |             |             |             |             |
| <b>Total</b>   | <b>4</b>    | <b>5</b>    | <b>12</b>   |             | <b>3</b>    | <b>1</b>    |             |             |
| <b>Safe and Drug Free Schools - 84.186</b>                     |             |             |             |             |             |             |             |             |
| Equipment Purchasing   |             |             | 4           | 1           |             |             |             |             |
| Cash Management  |             | 2           |             |             |             |             |             |             |
| <b>Total</b>   |             | <b>2</b>    | <b>4</b>    | <b>1</b>    |             |             |             |             |
| <b>Charter School Grant - 84.282</b>                           |             |             |             |             |             |             |             |             |
| Inventory  |             |             | 2           |             |             |             |             |             |
| <b>Total</b>   |             |             | <b>2</b>    |             |             |             |             |             |
| <b>Reading First - 84.357</b>                                  |             |             |             |             |             |             |             |             |
| Cash Management  |             |             | 1           |             | 1           |             |             |             |
| Contract Procurement   |             |             | 1           |             | 1           |             |             |             |
| Expenditure Approval   |             |             | 2           |             |             |             |             |             |
| Fringe Benefits  |             |             | 1           |             |             |             |             |             |
| Payroll Documentation  |             |             | 1           |             |             |             |             |             |
| Reporting Accuracy   |             | 1           | 1           |             | 1           |             |             |             |
| Segregation of Duties  |             |             | 1           |             |             |             |             |             |
| Suspension & Debarment   |             |             | 1           |             |             |             |             |             |
| Time Certification   |             |             | 2           |             |             |             |             |             |
| <b>Total</b>   |             | <b>1</b>    | <b>11</b>   |             | <b>3</b>    |             |             |             |
|  |             |             |             |             |             |             |             |             |
|  |             |             |             |             |             |             |             |             |
| <b>Child Nutrition Cluster - 10.553,10.555, 10.556, 10.559</b> |             |             |             |             |             |             |             |             |
| Adult Lunch Prices   | 1           |             |             |             |             |             |             |             |
| Allowability   | 2           | 1           |             |             |             |             |             |             |

| MICHIGAN DEPARTMENT OF EDUCATION       |           |           |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| SINGLE AUDIT PROGRAM FINDINGS          |           |           |           |           |           |           |           |           |
|  | 2010      | 2009      | 2008      | 2007      | 2006      | 2005      | 2004      | 2003      |
| Application Errors                     | 3         | 2         | 2         | 4         |           | 4         |           |           |
| Bidding                                |           |           | 1         | 1         |           |           |           | 2         |
| Cash Management                        |           |           | 1         |           |           |           |           |           |
| Daily Sales Reports - Documentation    |           |           | 2         | 4         | 2         |           |           |           |
| Direct Certification                   |           |           | 1         |           |           |           |           |           |
| Documentation                          | 4         |           |           |           |           |           |           |           |
| Eligibility                            | 16        | 19        | 17        | 20        | 10        | 22        | 22        | 12        |
| Food Service Deposits                  | 1         |           |           |           |           |           |           |           |
| FSMC Contract                          | 1         | 1         |           |           |           |           |           |           |
| FSMC performing unallowable activities |           | 1         | 1         | 2         | 1         | 2         | 1         | 1         |
| Income Verification                    |           | 4         | 7         | 8         | 1         | 1         | 2         | 8         |
| Incomplete Production Records          | 4         | 6         | 2         | 1         | 3         | 2         | 2         | 2         |
| On-site Review                         | 4         | 12        | 4         | 3         | 5         | 2         |           | 4         |
| Period of Availability                 |           | 1         |           |           |           |           |           |           |
| Procurement                            | 1         |           |           |           |           |           |           |           |
| Record Keeping                         |           | 1         | 1         |           |           |           |           |           |
| Reporting Accuracy                     |           | 11        | 2         | 7         | 2         | 1         |           |           |
| Report Submission                      |           | 1         |           |           |           |           |           |           |
| Revenue / Expense Recognition          | 1         |           |           |           |           |           |           |           |
| Segregation of Duties                  |           | 1         |           |           |           |           |           |           |
| Procurement                            | 2         |           |           |           |           |           |           |           |
| Reimbursement Recording                | 2         |           |           |           |           |           |           |           |
| Special Tests & Provisions             | 2         |           |           |           |           |           |           |           |
| Supspension & Debarment                | 1         |           |           |           |           |           |           |           |
| Year End Report Reconciliation         |           | 2         |           |           |           |           |           |           |
| <b>Total</b>                           | <b>45</b> | <b>63</b> | <b>41</b> | <b>50</b> | <b>24</b> | <b>34</b> | <b>27</b> | <b>29</b> |
| <b>Title I - 84.010 &amp; 84.389</b>   |           |           |           |           |           |           |           |           |
| 1512 Reporting                         | 3         |           |           |           |           |           |           |           |
| Audit Adjustments                      | 1         |           |           |           |           |           |           |           |
| Allowable Activities                   |           | 1         |           |           |           |           |           |           |
| Allowable Costs                        | 8         | 6         | 5         | 6         |           |           |           |           |
| Asset Inventory                        | 1         | 5         | 5         |           |           |           |           |           |
| AYP Plan                               |           | 1         |           |           |           |           |           |           |
| Bidding                                | 5         | 2         | 3         | 1         | 1         |           |           |           |
| Budget                                 | 2         | 1         | 5         |           |           |           | 4         | 2         |
| Capital Assets                         | 1         |           |           |           |           |           |           |           |
| Capitalization of Invoices > \$1,000.  | 1         |           |           |           |           |           |           |           |

| MICHIGAN DEPARTMENT OF EDUCATION           |            |            |            |           |           |           |           |           |
|--|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|
| SINGLE AUDIT PROGRAM FINDINGS              |            |            |            |           |           |           |           |           |
|  | 2010       | 2009       | 2008       | 2007      | 2006      | 2005      | 2004      | 2003      |
| Cash Management                            | 19         | 18         | 13         | 2         | 7         | 3         | 2         | 8         |
| Comparability                              | 5          | 2          |            |           |           |           |           |           |
| Contract Procurement                       | 1          |            | 1          |           | 1         |           |           |           |
| Cost Allocation                            | 1          |            |            |           |           |           |           |           |
| Deferred Revenue                           | 2          |            |            |           |           |           |           |           |
| Disbursement Procedures                    | 1          | 2          |            |           |           |           |           |           |
| Documentation                              | 6          |            |            |           |           |           |           |           |
| Eligibility                                | 1          |            | 3          |           | 1         | 1         | 4         | 1         |
| Expenditure Approval                       | 1          | 3          | 5          | 1         |           |           |           |           |
| Expenditure Reports (submitted vs. actual) | 3          | 2          | 2          | 4         | 8         |           |           |           |
| Grant Reporting                            | 2          | 2          | 1          |           |           |           |           |           |
| Grant Segregation                          | 1          |            |            |           |           |           |           |           |
| Highly Qualified Teachers                  | 5          | 6          | 4          | 3         | 1         | 2         | 1         |           |
| Indirect Costs                             | 1          | 1          | 1          |           |           |           | 1         |           |
| Inventory                                  | 1          |            |            |           |           |           |           |           |
| Invoice Detail                             |            |            | 1          |           |           |           |           |           |
| Level of Effort                            |            |            | 1          |           |           |           |           |           |
| Matching                                   | 1          | 1          |            |           |           |           |           |           |
| Non-Public School Participation            | 2          | 2          | 3          | 5         | 3         | 5         |           |           |
| Parental Involvement                       | 3          | 2          | 4          | 3         | 6         | 4         | 5         | 1         |
| Payroll Documentation                      |            | 2          | 3          |           |           |           |           |           |
| Period of Availability                     | 1          | 2          | 1          | 1         |           |           |           |           |
| Procurement                                | 2          |            |            |           |           |           |           |           |
| Professional Development                   | 1          | 2          | 3          |           |           |           |           |           |
| Ranking                                    |            | 1          | 2          |           |           |           |           |           |
| Record Retention                           | 1          |            |            |           |           |           |           |           |
| Reporting Accuracy                         |            | 2          | 1          | 2         |           |           |           |           |
| School-wide Plan                           | 2          | 3          | 6          | 2         | 3         | 1         | 4         |           |
| Segregation of Duties                      | 4          |            | 1          | 1         | 1         |           |           |           |
| SES Provider                               |            |            | 1          |           |           |           |           |           |
| Special Tests & Provisions                 | 1          |            |            |           |           |           |           |           |
| Suspension & Debarment                     | 6          | 2          | 1          |           |           |           |           |           |
| Time Certification                         | 53         | 31         | 33         | 20        | 29        | 22        | 38        | 51        |
| Vouchers                                   |            | 1          | 1          |           |           |           |           |           |
| <b>Total</b>                               | <b>149</b> | <b>103</b> | <b>110</b> | <b>51</b> | <b>61</b> | <b>38</b> | <b>59</b> | <b>63</b> |
| <b>Title IIA - 84.367</b>                  |            |            |            |           |           |           |           |           |
| Allowable Costs                            | 1          | 4          | 3          |           |           |           | 2         | 1         |



| MICHIGAN DEPARTMENT OF EDUCATION                          |           |           |           |          |          |          |           |           |
|---|-----------|-----------|-----------|----------|----------|----------|-----------|-----------|
| SINGLE AUDIT PROGRAM FINDINGS                             |           |           |           |          |          |          |           |           |
|   | 2010      | 2009      | 2008      | 2007     | 2006     | 2005     | 2004      | 2003      |
| Bidding   | 1         | 1         | 1         |          |          |          |           |           |
| Cash management   | 2         | 5         | 6         | 4        | 2        | 1        | 1         |           |
| Documentation   | 1         |           |           |          |          |          |           |           |
| Final Expenditure Report                                  | 1         |           | 1         |          | 2        |          |           |           |
| Fringe Benefits   |           |           | 1         |          |          |          |           |           |
| Indirect Costs  |           |           | 1         |          |          |          |           |           |
| Level of Effort   | 2         | 1         | 1         |          |          |          |           |           |
| Matching  |           | 1         |           |          |          |          |           |           |
| Non-Public School Participation                           |           |           | 1         |          |          |          | 1         | 1         |
| Payroll Documentation                                     |           | 1         | 2         |          |          |          |           |           |
| Period of Availability                                    |           | 2         | 1         |          |          |          | 1         |           |
| Procurement   | 2         |           |           |          |          |          |           |           |
| Professional Development                                  |           | 1         | 1         | 1        | 1        |          |           |           |
| School-wide Plan  | 1         | 2         | 3         |          |          |          |           |           |
| Supplement not Supplant                                   | 1         |           |           |          |          |          |           |           |
| Suspension & Debarment                                    | 1         |           | 1         |          |          |          |           |           |
| Vouchers  |           |           |           |          |          |          |           |           |
| Time Certification  | 3         | 3         | 1         | 1        |          | 1        | 12        | 19        |
| <b>Total</b>  | <b>16</b> | <b>21</b> | <b>24</b> | <b>6</b> | <b>5</b> | <b>2</b> | <b>17</b> | <b>21</b> |
| <b>Title III - 84.365</b>                                 |           |           |           |          |          |          |           |           |
| Time Certification  | 1         |           |           |          |          |          |           |           |
| Cash Management   | 1         |           | 1         | 1        |          |          |           |           |
| <b>Total</b>  | <b>2</b>  |           | <b>1</b>  | <b>1</b> |          |          |           |           |
| <b>Special Education - 84.027, 84.173, 84.391, 84.394</b> |           |           |           |          |          |          |           |           |
| 1512 Reporting  | 1         |           |           |          |          |          |           |           |
| Allowable Costs   | 4         |           | 1         |          | 2        | 1        | 2         | 3         |
| Allowable Activities                                      |           | 1         |           |          |          |          |           |           |
| Bidding   |           | 1         | 1         |          |          |          |           |           |
| Budget  |           | 1         |           |          |          |          |           |           |
| Cash Management   | 6         | 3         | 1         | 2        |          |          |           |           |
| Contract Procurement                                      |           |           | 1         |          | 1        |          |           |           |
| Documentation   | 2         |           |           |          |          |          |           |           |
| Earmarking  | 1         |           |           |          |          |          |           |           |
| Final Expenditure Report                                  |           |           | 1         |          | 2        |          |           |           |
| Fringe Benefits   |           |           | 1         |          |          |          |           |           |
| Highly Qualified Teachers                                 | 1         |           |           |          |          |          |           |           |
| Inventory   |           | 1         | 1         |          |          |          |           |           |

|  |             |             |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>MICHIGAN DEPARTMENT OF EDUCATION</b>                      |             |             |             |             |             |             |             |             |
| <b>SINGLE AUDIT PROGRAM FINDINGS</b>                         |             |             |             |             |             |             |             |             |
|  |             |             |             |             |             |             |             |             |
|  | <b>2010</b> | <b>2009</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> | <b>2005</b> | <b>2004</b> | <b>2003</b> |
| Maintenance of Effort  |             | 2           | 2           |             |             |             | 2           | 2           |
| Non-Public School Participation                              |             | 1           |             |             |             |             |             |             |
| Payroll Documentation  |             | 1           | 2           |             |             |             | 1           | 1           |
| Procurement  | 1           |             |             |             |             |             |             |             |
| Proportionate Share  | 2           | 1           | 3           |             |             |             |             |             |
| School-wide Plan   | 1           | 3           |             |             |             |             |             |             |
| Segregation of Duties  | 1           |             |             |             |             |             |             |             |
| Subrecipient Monitoring                                      | 1           | 1           |             |             |             |             |             |             |
| Suspension & Debarment                                       | 4           | 1           | 1           |             |             |             |             |             |
| Time Certification   | 18          | 3           |             |             |             |             |             |             |
| <b>Total</b>   | <b>43</b>   | <b>20</b>   | <b>15</b>   | <b>2</b>    | <b>5</b>    | <b>1</b>    | <b>5</b>    | <b>6</b>    |
| <b>Title V - 84.298</b>                                      |             |             |             |             |             |             |             |             |
| Transferability  |             |             | 1           |             |             |             |             |             |
| Inventory  |             | 1           |             |             |             |             |             |             |
| School-wide Plan   |             | 1           |             |             |             |             |             |             |
| <b>Total</b>   |             | <b>2</b>    | <b>1</b>    |             |             |             |             |             |
|  |             |             |             |             |             |             |             |             |
| <b>ARRA Stabilization - 84.394</b>                           |             |             |             |             |             |             |             |             |
| Allowable Expenditures                                       |             | 2           |             |             |             |             |             |             |
| Cash Management  | 3           |             |             |             |             |             |             |             |
| Grant Segregation  | 1           | 2           |             |             |             |             |             |             |
| Reporting (1512)   | 2           | 1           |             |             |             |             |             |             |
| Management Review  |             | 1           |             |             |             |             |             |             |
| Procurement Policy   | 1           |             |             |             |             |             |             |             |
| Segregation of Duties  | 4           | 4           |             |             |             |             |             |             |
| <b>Total</b>   | <b>11</b>   | <b>10</b>   |             |             |             |             |             |             |
| <b>Vocational Education - 84.048</b>                         |             |             |             |             |             |             |             |             |
| Cash Management  | 1           |             |             |             |             |             |             |             |
| School-wide Plan   |             |             | 1           |             | 1           |             |             |             |
| Suspension & Debarment                                       |             |             | 1           |             |             |             |             |             |
| <b>Total</b>   | <b>1</b>    |             | <b>2</b>    |             | <b>1</b>    |             |             |             |
|  |             |             |             |             |             |             |             |             |
| <b>Career &amp; Technical Preparation Education - 84.243</b> |             |             |             |             |             |             |             |             |
| Cash Management  | 2           |             |             |             |             |             |             |             |
| Final Expenditure Reports                                    |             | 1           |             |             |             |             |             |             |

|   |             |             |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>MICHIGAN DEPARTMENT OF EDUCATION</b>   |             |             |             |             |             |             |             |             |
| <b>SINGLE AUDIT PROGRAM FINDINGS</b>      |             |             |             |             |             |             |             |             |
|   |             |             |             |             |             |             |             |             |
|   | <b>2010</b> | <b>2009</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> | <b>2005</b> | <b>2004</b> | <b>2003</b> |
| Inventory                                 |             | 1           |             |             |             |             |             |             |
| Period of Availability                    |             | 1           |             |             |             |             |             |             |
| Time Certification                        | 1           |             |             |             |             |             |             |             |
| Suspension & Debarment                    | 2           |             |             |             |             |             |             |             |
| School-wide Plan                          |             | 1           |             |             |             |             |             |             |
| <b>Total</b>                              | <b>5</b>    | <b>4</b>    |             |             |             |             |             |             |
| <b>Impact Aid - 84.041</b>                |             |             |             |             |             |             |             |             |
| Time Certification                        |             |             | 1           |             |             |             |             |             |
| Reporting                                 |             | 1           |             |             |             |             |             |             |
| <b>Total</b>                              |             | <b>1</b>    | <b>1</b>    |             |             |             |             |             |
| <b>Migrant Education - 84.011</b>         |             |             |             |             |             |             |             |             |
| Documentation                             |             |             | 1           |             |             |             |             |             |
| Time Certification                        | 1           |             |             |             |             |             |             |             |
| <b>Total</b>                              | <b>1</b>    |             | <b>1</b>    |             |             |             |             |             |
| <b>ARRA Equipment Assistance - 10.579</b> |             |             |             |             |             |             |             |             |
| Cash Management                           | 1           |             | 1           |             |             |             |             |             |
| Time Certification                        |             |             |             |             |             |             |             |             |
| <b>Total</b>                              | <b>1</b>    |             |             |             |             |             |             |             |
|   |             |             |             |             |             |             |             |             |
|   |             |             |             |             |             |             |             |             |

|                                      |      |
|--------------------------------------|------|
| Federal Findings Frequency           | 2010 |
| Time Certification                   | 79   |
| Cash Management                      | 36   |
| Eligibility                          | 17   |
| Allowable Costs                      | 15   |
| Documentation                        | 14   |
| Suspension & Debarment               | 14   |
| Procurement/Procurement Policy       | 9    |
| Segregation of Duties                | 9    |
| Bidding                              | 6    |
| Highly Qualified Teachers            | 6    |
| Reporting - 1512                     | 6    |
| Comparability                        | 5    |
| Final Expenditure Reports            | 4    |
| Incomplete Production Records        | 4    |
| On-site Review                       | 4    |
| Schoolwide Plan                      | 4    |
| Application Errors                   | 3    |
| Grant Reporting                      | 3    |
| Parental Involvement                 | 3    |
| Special Tests & Provisions           | 3    |
| Budget                               | 2    |
| Deferred Revenue                     | 2    |
| Level of Effort                      | 2    |
| Non-Public School Participation      | 2    |
| Proportionate Share                  | 2    |
| Reimbursement Recording              | 2    |
| Adult Lunch Prices                   | 1    |
| Asset Inventory                      | 1    |
| Audit Adjustments                    | 1    |
| Capital Assets                       | 1    |
| Capitalization of Invoices > \$1,000 | 1    |
| Contract Procurement                 | 1    |
| Cost Allocation                      | 1    |
| Disbursement Procedures              | 1    |
| Earmarking                           | 1    |
| Expenditure Approval                 | 1    |
| Food Service Deposits                | 1    |
| FSMC Contract                        | 1    |
| Grant Segregation                    | 1    |
| Indirect Costs                       | 1    |
| Inventory                            | 1    |
| Matching                             | 1    |
| Period of Availability               | 1    |
| Professional Development             | 1    |
| Record Retention                     | 1    |
| Revenue/Expense Recognition          | 1    |
| Subrecipient Monitoring              | 1    |
| Supplement not Supplant              | 1    |
| Total                                | 278  |

| <b>Federal Findings Comparison</b>   | <b>2010</b> | <b>2009</b> | <b>2008</b> |  | <b>2010</b> | <b>2009</b> | <b>2008</b> |
|--------------------------------------|-------------|-------------|-------------|--|-------------|-------------|-------------|
| Time Certification                   | 79          | 40          | 40          | Allowable Activities                   | 2           |             |             |
| Cash Management                      | 36          | 29          | 25          | AYP Plan                               | 1           |             |             |
| Eligibility                          | 17          | 19          | 20          | Management Review                      | 1           |             |             |
| Allowable Costs                      | 15          | 13          | 10          | SES Provider                           |             |             | 1           |
| Documentation                        | 14          |             | 3           | Direct Certification                   |             |             | 1           |
| Suspension & Debarment               | 14          | 3           | 6           | Invoice Detail                         |             |             | 1           |
| Procurement/Procurement Policy       | 9           |             |             | Equipment Purchasing                   |             |             | 4           |
| Segregation of Duties                | 9           | 4           | 2           | Fringe Benefits                        |             |             | 4           |
| Bidding                              | 6           | 4           | 6           | FSMC Performing Unallowable Activities | 1           |             | 1           |
| Highly Qualified Teachers            | 6           | 6           | 4           | Income Verification                    | 4           |             | 7           |
| Reporting - 1512                     | 6           | 1           |             | Payroll Documentation                  | 4           |             | 9           |
| Comparability                        | 5           | 2           |             | Ranking                                | 1           |             | 2           |
| Final Expenditure Reports            | 4           | 4           | 4           | Record Keeping                         | 1           |             | 1           |
| Incomplete Production Records        | 4           | 6           | 2           | Reporting Accuracy                     | 15          |             | 4           |
| On-site Review                       | 4           | 12          | 4           | Report Submission                      | 1           |             |             |
| Schoolwide Plan                      | 4           | 11          | 11          | Transferability                        |             |             | 1           |
| Application Errors                   | 3           | 2           | 2           | Vouchers                               |             |             | 2           |
| Grant Reporting                      | 2           | 2           | 2           | Year End Report Reconciliation         | 2           |             |             |
| Parental Involvement                 | 3           | 2           | 4           |  |             |             |             |
| Special Tests & Provisions           | 3           |             |             | <b>Total</b>                           | <b>278</b>  | <b>199</b>  | <b>188</b>  |
| Budget                               | 2           | 2           | 5           |  |             |             |             |
| Deferred Revenue                     | 2           |             |             |  |             |             |             |
| Level of Effort                      | 2           | 3           | 4           |  |             |             |             |
| Non-Public School Participation      | 2           | 4           | 5           |  |             |             |             |
| Proportionate Share                  | 2           | 1           | 3           |  |             |             |             |
| Reimbursement Recording              | 2           |             |             |  |             |             |             |
| Adult Lunch Prices                   | 1           |             |             |  |             |             |             |
| Asset Inventory                      | 1           | 5           | 5           |  |             |             |             |
| Audit Adjustments                    | 1           |             |             |  |             |             |             |
| Capital Assets                       | 1           |             |             |  |             |             |             |
| Capitalization of Invoices > \$1,000 | 1           |             |             |  |             |             |             |
| Contract Procurement                 | 1           |             | 3           |  |             |             |             |
| Cost Allocation                      | 1           |             |             |  |             |             |             |
| Disbursement Procedures              | 1           | 2           |             |  |             |             |             |
| Earmarking                           | 1           |             |             |  |             |             |             |
| Expenditure Approval                 | 1           | 3           | 7           |  |             |             |             |
| Food Service Deposits                | 1           |             |             |  |             |             |             |
| FSMC Contract                        | 1           | 1           |             |  |             |             |             |
| Grant Segregation                    | 2           | 2           |             |  |             |             |             |
| Indirect Costs                       | 1           | 1           | 2           |  |             |             |             |
| Inventory                            | 1           | 3           | 3           |  |             |             |             |
| Matching                             | 1           | 2           |             |  |             |             |             |
| Period of Availability               | 1           | 6           | 2           |  |             |             |             |
| Professional Development             | 1           | 3           | 4           |  |             |             |             |
| Record Retention                     | 1           |             |             |  |             |             |             |
| Revenue/Expense Recognition          | 1           |             |             |  |             |             |             |
| Subrecipient Monitoring              | 1           | 1           |             |  |             |             |             |
| Supplement not Supplant              | 1           |             |             |  |             |             |             |